Responses to Questions/Clarifications Received by Deadline of October 28, 2008 under Annual Program Statement (APS) Number 383-09-500 – Partnership for Eastern Economic Revitalization (PEER)

PLEASE NOTE THAT CONCEPT PAPERS MAY BE SUBMITTED TO SUPPORT UP TO A **THREE YEAR** PROGRAM. THIS IS A CHANGE FROM THE APS WHICH REFLECTS A MAXIMUM PERIOD OF PERFORMANCE OF TWO YEARS. THE FUNDING LEVELS REMAIN THE SAME.

Q1. Should one Concept Paper focus on only one area of activity (Areas of Focus) or should it cover all or number of areas of focus?

A1. This is up to the applicant to propose.

Q2. Would USAID permit small grants for SMEs, contract growers, service providers etc?

A2. Funds provided under the resultant agreements will be geared towards reducing financial risk to encourage private sector investment. Further, proposed partnerships should include purchase of goods and services which can be supported on an ongoing basis by the venture's cash flow at the end of the development stage. In so far as USAID funds are used for development purposes within this context there would be no need to support concept papers that only provide for the commercial purchase of goods, services and training.

Q3. What proof or documentation will USAID require that the proposed GDA partners are in fact willing to commit resources (cash and in-kind) to the project?

A3. Per pg. 23 of the APS:
"b. Memorandum of Understanding (MOU)
Upon favorable review of the full application, partners will finalize Memoranda of Understanding (MOU), which will be used to clarify roles and responsibilities of each alliance partner."

Further, the following is additional information on establishing MOUs:

A public-private partnership (PPP) is a collaboration between a public entity, like USAID, and a private one, like a commercial company or grant-making foundation. The partners agree to work together on a specific activity, often formalized through a Memorandum of Understanding (MOU) or Letter of Intent (LOI). The MOU or LOI describes the roles, responsibilities and contributions of each of the alliance partners. It is a non-obligating and legally non-binding agreement that describes the intentions of the alliance members to proceed with a given course of action to achieve the stated objectives. Such a partnership helps to further development objectives with additional support of private resources; be it through cash, services, or equipment. The relationship between or among partners in a PPP may range from very little interaction where a matching grant

may be adopted to a fully collaborative engagement where the parties are involved jointly in every stage from design to implementation to assessment. The partners operate in strategic collaboration on all phases of their chosen endeavors. Alliances enable partners - corporations, foundations, and NGOs - to bring their strongest assets to bear to address jointly defined and jointly executed challenges to the long-term economic and social development of the world's poorest countries. Through this multi-stakeholder approach, resources, risks, and responsibilities are shared that address issues and achieve solutions that no single actor could hope to achieve alone.

In all instances, care should be given to the preparation of MOUs to ensure that they accurately reflect the purpose of the alliance, the roles of each party, the understandings that have been reached, and the process for reaching any further agreements contemplated with respect to implementation.

The following clause <u>must</u> be included in all MOUs:

> **"The purpose of this MOU is to set forth the understandings and intentions of the parties with regard to these shared goals. The Parties are entering into this MOU while wishing to maintain their own separate and unique missions and mandates, and their own accountabilities. Unless specifically provided otherwise, the cooperation between the parties as outlined in this MOU is not to be considered or construed as a partnership or other type of legal entity or personality. Nothing in this MOU shall be construed as superseding or interfering in any way with other agreements or contracts entered into between two or more of the parties, either prior to or subsequent to the signing of this MOU. The Parties further specifically acknowledge that this MOU is not an obligation of funds, nor does it constitute a legally binding commitment by any party."**

Q4. Can a concept paper cover multiple areas of focus? eg. Agriculture (2.1), Education and Training (3) and Applied/Adaptive Research (7)?

A4. Yes, but should be limited to those areas included in the APS.

Q5. Are proposals supposed to cover ALL outputs or only those that are relevant? And, can proposals select which outputs are most appropriate and then add additional ones?

A5. The Concept Papers should address only those outputs for which the applicant is requesting funding.

Q6. What are the specific areas in the Eastern Province we should be working in?

A6. There are no geographic nor sector restrictions within the Eastern Province.

Q7. Any chances of linking the border line provinces in case of a project development?

A7. Yes, see cover page of APS "PEER, seeks to expand economic activity in and around the conflict affected zones in Sri Lanka's Northern and Eastern provinces and in conflict-strategic areas on the border of the conflict such as Uva and North-Central Provinces."

Q8. Could we have some copies of those products which USAID will not support in Agriculture?

A8. Generally, USAID does not support agriculture projects which result in significant negative impact on American agriculture. Given Sri Lanka's location, products, and market share, such a concern is minimal. Applicants will be advised on a case-by-case basis if a conflict is perceived.

Q9. What kind of assistance would we receive from the security personnel to implement the project?

A9. The same as for any other USAID grantee, security briefings, Mission notices and public security notices.

Q10. Can one organization submit more than one Concept Paper?

A10. Yes

Q11. Cover letter indicates that minimum estimate per award would be $ 1 million. What would be the maximum estimate allowed (upper ceiling)?

A11. $6 million per announcement on www.grants.gov, though it is expected that individual awards will be less than this amount.

Q12. What is the difference between leveraging and cost share/matches?

A12. Cost-share is a sub-set of leveraging. However, cost-share becomes a condition of the award when it is made part of the approved award budget. Cost sharing must be verifiable from the recipient's records, is subject to the requirements of 22 CFR 226.23, and can be audited. If the recipient does not meet its cost sharing requirement, it can result in questioned costs. For USAID/Sri Lanka, cost share has been further defined as those contributions provided by the recipient organization itself (either cash or in-kind).

Leveraging represents all of the non-USAID resources that are expected to be applied to a program. It includes resources that third-parties (not the recipient organization) will bring to the program without necessarily providing them to the recipient. These parties can include the host government, private foundations, businesses or individuals.

While contributions offered as cost share/match are categorized in regulation, resource leveraging is not. Resource leveraging may include financial contributions; third party contributions; the value of donated services and property, including intellectual property; or may be anything of value that can be measured in some form that permits evaluation of the contribution's impact on achieving desired results. For example, resource leveraging may involve one or more partners proposing financial contributions that will be spent in parallel to the USAID funded activity, but not expended by the recipient or its sub-awardees. Alternatively, resource leveraging may come in the form of the entity's fund raising capability to provide their own form of assistance directly to the same end-users. Another instance where a contribution may be categorized as "resource leveraging" is in situations where USAID does not determine it reasonable to designate a contribution as "cost share or match" (for which the partner would be held accountable for shortfalls), because of the nature of the proposed contribution. An example of such a circumstance is where the proposed partner is dependent upon uncertain market demands or conditions to reach the proposed level of contribution.

Though resource leveraging is not subject to the requirements of 22 CFR 226.23, entities must be able to demonstrate whether leveraged contributions have been obtained as proposed in program implementation in order to determine whether the desired impacts from the alliances are being achieved. Although the alliance partners are not subject to the guidelines in 22 CFR 226.23 when "resource leveraging" is used, USAID has the ability to revise or withdraw from the Alliance agreement when contributions are not forthcoming as originally proposed in the agreement.

Q13. What portion of the grant amount counts towards the target leverage ratio?

A13. USAID's share.

Q14. Is it the full award or the non-administration amount that goes directly into technical interventions?

A14. This question is not clear but it is expected that the applicant will maximize funds towards programmatic intervention.

Q15. If the concept paper is approved, what is the anticipated deadline for submitting the full application (technical and cost proposals)?

A15. It is anticipated that full applications will be requested by mid-December with a due date in mid-January.

Q16. If the lead applicant has not been in existence for 3 years can a consortium partner provide the necessary audited financial reports?

A16. The lead applicant itself must be able to provide the information necessary for the Agreement Officer to make a determination of responsibility in accordance with ADS 303.3.9 at the following website: http://www.usaid.gov/policy/ads/300/303.pdf

Q17. If the lead partner belongs to a Group of companies and has other subsidiaries/associate companies of the Group as partners, should due diligence be done for those partner companies as well?

A17. Yes, for those who will be proposed as contributing to implementation.

Q18. In what form will the funding from USAID be? Cash or Cash and in-kind contributions?

A18. Cash

Q19. At what intervals and amounts would the fund be disbursed during the course of the project?

A19. This depends on the method of payment – advance (30 days at a time), letter of credit or reimbursement.

Q20. How many partnerships could we suggest for the proposal? Do we need to have International partners for the project?

A20. This is up to the applicant to propose. International partners are not required. Sri Lankan partners are encouraged.

Q21. Is it a MUST to collaborate with Government Organization/NGO.?

A21. No

Q22. How much in total could we expect to receive as equipment investment?

A22. This is up to the applicant to propose.

Q23. To whom does USAID release money after award? Would it give directly to the lead partner who is a private company?

A23. Funds will be disbursed directly to the lead partner.

Q24. . When does USAID anticipate awarding the first round of awards?

A24. April 2009

Q25. Which level of match are you requiring? 1:1, 2:1, 3:1 or over? And what percentage of the match must be in cash?

A25. The higher the leveraged amount proposed the more competitive the application. The percentage in cash is up to the applicant to propose.

Q26. Can a US University be the lead partner?

A26. Yes

Q27. Does the 5 page limit include cover page and additional information (eg. Budget…)?

A27. The 5 pg. limit is all-inclusive. Any additional pages beyond the first 5 will not be read.

Q28. Is there a proportionate allocation of budget or budget ceilings (as % of total) for equipment, etc.

A28. No, this is up to the applicant to propose.

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